

Statement of Don Blandin
American Savings Education Council (ASEC)

Mr. Chairman and members of the Committee:

I am pleased to appear before you this afternoon to highlight some of the retirement savings initiatives in the public- and private-sectors that have occurred since last summer's White House/Congressional National Summit on Retirement Savings. My name is Don Blandin. I am the President of the American Savings Education Council (ASEC) a coalition of private- and public-sector institutions that undertakes initiatives to raise public awareness about what is needed to ensure long-term personal financial independence.

SEC's goal is to make saving, investing, and planning for different life stages (including retirement) a vital concern of Americans. By bringing together membership organizations, public and private employers, financial education and service organizations, and government agencies, ASEC can further the common mission of educating the nation about the importance of saving and retirement planning.

Through research and various forms of outreach geared toward different communities, ASEC tries to determine the attitudes and behavior of people towards personal finance and money management. This supports the organization's ongoing effort to better understand all segments of society and to develop appropriate savings messages and tools to help the American public.

ASEC is part of the Employee Benefit Research Institute Education and Research Fund (EBRI-ERF), a 501(c)(3) nonprofit, nonpartisan public policy research organization based in Washington, DC. Consistent with our mission, we do not lobby or advocate specific policy recommendations. I ask that my full statement and attachments be entered into the written record.

Overview

Since the 1998 SAVER Summit, ASEC and its partner institutions have participated in numerous efforts to increase public awareness about savings and retirement planning. The selected initiatives outlined below have attempted to achieve many of the goals expressed in the SAVER Act, including: 1) coordinating with public- and private-sector organizations to work together and share resources to support various public-education campaigns; 2) getting involved with local and state-level organizations; 3) involving the news media in helping inform the public about retirement savings; and 4) urging employers to sponsor retirement plans and educate employees about the importance of retirement savings.

Choose to SaveTM

As the sole program endorsed by the delegates at the 1998 SAVER Summit, the Emmy-award winning Choose to SaveTM (CTS) education program continues to utilize the power of the media to help spread the important message of saving and retirement planning. For more than a year, CTS has been successfully test-piloted in the Washington, DC, metropolitan area, and it is now ready to expand to the national level. An ASEC Charter Partner, Fidelity Investments, has underwritten the Washington, DC, Choose to SaveTM program since its inception in January 1998.

From television and radio public service announcements (PSAs), to signage on Washington metropolitan area buses and in metrorail stations, to print ads and news segments, CTS uses nearly every opportunity to spread the savings word. ASEC and EBRI worked closely with CTS media partner

WJLA-TV (an ABC affiliate) to create the recent Emmy-award winning 1998 one-hour news special entitled "The Savings Game," as well as other nationally recognized PSAs.

Other special programs within the CTS campaign include:

1. **Military:** ASEC has been working with the U.S. Defense Department on a military version of the CTS education program. The campaign would include use of CTS PSAs on military bases and ships worldwide, and incorporate the CTS themes into existing military financial planning programs. ASEC would also provide additional savings tools, including the possibility of a version of the Ballpark Estimate worksheet for the military.

2. **Public-sector:** The Public Sector CTS campaign, launched in October 1998, aims to increase participation in state and local government Sec. 457 deferred compensation plans. ICMA Retirement Corporation (RC), the National League of Cities, and the Government Finance Officers Association underwrite the program. In addition to providing customized print material and savings "tools" for distribution throughout the work place, RC also sponsored an 18-month campaign to provide financial incentives to state and local government clients who initiated a program to match their employees' contribution in the voluntary 457 deferred compensation plan.

3. **Project Greenpurse: Everywoman's Money Conference:** EBRI/ASEC cosponsored part of this event in Portland, Oregon, in September 1998. Produced by the office of State Treasurer Jim Hill (an ASEC Partner), the conference promoted statewide attention to women's retirement needs. Over 2,600 women attended the event. Choose to SaveTM materials were distributed at the event.

4. **Radio:** The Associated Press radio network currently airs CTS PSAs about every three hours on 70 stations nationwide-nearly 700 daily. CTS programs and PSAs have also now been running in the Washington, DC, metropolitan market on the Bonneville Radio stations for just over a year (WTOP, Z104, and WGMS radio stations, locally).

At this time, we are planning to take the program to other markets and have received radio proposals from New York City, Chicago, and San Francisco. We are also looking to take it to other population segments. For example, we hope to obtain funding to run additional programs targeted at minorities, women, youth, and lower-income individuals, in conjunction with our partner institutions and the media.

Public-Sector Initiatives

1999 Facts on Saving and Investing Campaign. ASEC is a coalition partner of the *Facts on Saving and Investing Campaign*, led by the U.S. Securities and Exchange Commission (SEC). This ongoing national campaign focuses this year on providing savings education to young people, including educational visits to schools nationwide and the national distribution of educational materials to schools.

As part of this year's campaign, ASEC conducted the 1999 *Youth & Money Survey*. According to the survey, the vast majority of students ages 16-22 have never taken a class in personal finance, two-thirds admit they could use a few more lessons on money management, and 28 percent of students with a credit card roll over debt each month. The survey was underwritten by an ASEC sustaining partner, the TIAA-CREF Institute.

To launch the *Facts Campaign* and release the results of the youth survey, EBRI/ASEC, the SEC, and the National Endowment for Financial Education (NEFE) hosted a series of events in both New York

City and Washington, DC, on April 26th. In addition to two press events held at the National Press Club and the Freedom Forum's Media Studies Center, respectively, NEFE also hosted an awards ceremony for the winners of their 3rd Annual High School Financial Literacy Awards. The winners, students from across the country, joined other students to ring the bell to open trading at the New York Stock Exchange in celebration of this year's campaign focus on young people.

SEC Town Hall Meetings: The SEC's Office of Investor Assistance holds Investor Town Meetings in different cities throughout the country several times a year to help the public get unbiased facts on how to invest wisely and achieve financial security. The Town Meetings consist of a keynote address by SEC Chairman Arthur Levitt, a series of workshops, and an exhibit area. ASEC runs a hands-on workshop designed to help individuals figure out how much they need to save to fund a comfortable retirement.

National Association of State Treasurers (NAST): NAST joined ASEC as a partner, and we are currently working with the state treasurers to educate the public at both the state and local levels. This partnership is part of the NAST Savings Education Program, which enables state treasurers to provide opportunities to educate their citizens on savings, from birth to retirement.

Government Interagency Group (GIG): ASEC's government partners convene every two months to discuss their agency's financial education initiatives and look for ways to collaborate on proposed and current initiatives. Participants include the U.S. Department of Labor, the U.S. Department of the Treasury, the U.S. Department of Health and Human Services Administration on Aging, the SEC, the Federal Trade Commission, Cooperative Extension (USDA), the Federal Reserve Board, Department of Defense, Federal Deposit Insurance Corp., Office of Personnel Management, and the General Services Administration.

The last meeting in May focused on the president's recent decision to direct his National Economic Council to form a high-level interagency task force to help raise Americans' financial literacy. GIG members brainstormed ideas on how they could be a resource to this project.

New York State Comptroller: ASEC has been working with the New York State Comptroller, a 1998 Summit delegate, to educate New Yorkers (particularly African-Americans and other minorities in the state) on retirement planning issues. This spring, the state hosted three successful *Savings Awareness & Investment Opportunities Conferences* and distributed ASEC materials.

Social Security Administration: ASEC and its partners have supported the Social Security Administration in designing its new *Social Security Statement*. All U.S. citizens will automatically receive a copy of the new statement this fall. Part of planning for retirement is knowing how much you can expect from Social Security and when you will be eligible for Social Security benefits. The statement has been re-designed, with input from ASEC and others, to be more user-friendly. Distribution of these statements will be a big step toward raising awareness about what people should realistically expect from the government in retirement.

Money 2000: ASEC is participating in Money 2000, a program that encourages people to either reduce their debt by \$2,000 or save \$2,000 by the year 2000. The Cooperative State Research, Education, and Extension Service (CSREES) and its affiliated Cooperative Extension offices in every state coordinate the initiative.

Private-Sector Initiatives

NEFE. ASEC participated in "Retirement Planning in the 21st Century," a think-tank sponsored by

NEFE. The meeting brought together financial services professionals and retirement planning experts from around the country to participate in a discussion of "how retirement today differs from that of past years-and what changes are needed in our approach to retirement planning to adequately address today's needs."

In addition, NEFE joined ASEC and the SEC in the launch of the *Facts Campaign*, as well as the release of the youth survey (see above under *Facts Campaign*).

National Institute for Personal Finance Employee Education (NIPFEE): ASEC helped to establish a new Institute focused on researching the impact of personal financial well-being on employee productivity. The Institute is part of the Personal Finance Employee Education program at Virginia Polytechnic Institute and State University.

Collective Banking Group (CBG): ASEC is working with this coalition of nearly 200 African-American churches in the Washington, DC, area to increase their educational efforts, including financial literacy. ASEC exhibited and led a workshop at the CBG's "Empowerment Weekend," which hosted a series of exhibits and savings workshops to educate church members on saving and retirement issues.

ReliaStar Financial Corporation: ASEC Charter Partner ReliaStar Financial Corporation began airing a new public television financial planning program, *Right on the Money*; underwritten by the ReliaStar Foundation. In the tradition of the great "how-to" series of public television, *Right on the Money* goes on location weekly to visit a family or individual facing a financial landmark in their lives. The series deals with issues ranging from how to set up a budget to saving for retirement.

During the 1999 ASEC Winter Partners' Meeting, ASEC co-hosted a congressional reception with ReliaStar Financial Corporation to launch the program. The event was well attended by members of Congress, ASEC partners, government liaisons, media guests, and congressional staff.

American Payroll Association (APA): The APA instituted National Payroll Week in September of 1998. The APA, along with U.S. Treasurer Mary Ellen Withrow, visited a school in Washington, DC, and discussed earning, spending, and saving. The APA has been undertaking initiatives to encourage the use of direct deposit, as well as working with the Treasury Department on providing U.S. Savings Bonds through payroll deduction to employees without access to employer-sponsored pension plans.

Prudential: As an ASEC Charter Partner and an underwriter of the 1999 *Retirement Confidence Survey (RCS)*, Prudential produced a Video News Release (VNR) and media satellite tour in connection with the 1998 and 1999 Retirement Confidence Surveys to enhance the national visibility of retirement savings. The VNR highlights the five retirement personality profiles described in the surveys.

ASEC-Led Initiatives

Media Panels: ASEC hosted two news media panel discussions during its 1999 Winter Partners' Meeting. The panels, which featured reporters from major outlets such as *USA Today*, *Business Week* and the *Today Show*, focused on the recommendation by participants at the 1998 White House/Congressional National Summit on Retirement Savings to urge media in all areas of the nation to assume a more active role in informing the public about retirement savings.

Topics discussed during the panels included ways to create appealing savings-related stories, how to work with financial media, and overcoming cultural and gender barriers in creating savings messages. The Oregon state treasurer and the director of the SECs Office of Investor Education & Assistance also

participated in the discussions.

1998 National Women's Forum on Retirement Education: The 1998 National Women's Forum on Retirement Education aimed to increase national attention to the challenges women face in preparing for retirement, and to help women develop savings plans. In conjunction with the event, ASEC released the first *Women's Retirement Confidence Survey (WRCS)*. The survey found that most women (59 percent) are saving money, but the results also show that 41 percent of women have not saved anything for retirement. Despite women's greater economic opportunities to earn and save money (compared with earlier generations), many women lack even basic savings goals, according to the survey.

Held at the National Museum of Women in the Arts in Washington, DC, the forum was co-sponsored by The VALIC Center for Retirement Education, the National Association for Female Executives, and ASEC, and coproduced in cooperation with *Working Woman* and *Working Mother* magazines. Actress Stefanie Powers acted as moderator. A panel of five women with expertise in retirement savings issues also participated in the discussion. ASEC Charter Partner, American General Financial Group/VALIC, underwrote the survey.

1999 Youth & Money Survey: Sponsored by ASEC, EBRI, and Mathew Greenwald & Associates (MGA), the 1999 *Youth & Money Survey* found that most students ages 16-22 feel confident about their understanding of basic financial matters such as saving, investing, credit, and budgeting. This "knowledge," however, is not necessarily reflected in students' attitudes and behavior towards money management. The survey, underwritten by ASEC Sustaining Partner, the TIAA-CREF Institute, also found that students are getting their financial education more from family and friends than at school.

Press-related events were held at the National Press Club in Washington, DC, the New York Stock Exchange, and The Freedom Forum's Media Studies Center in New York city. (Please see 1999 *Facts on Saving and Investing Campaign* for more details.)

As a collateral to the survey, ASEC developed (with the assistance of the TIAA-CREF Institute) a *Youth & Money* poster. A 17" x 22" version is being distributed widely to teachers, schools, and parents. The poster can also be downloaded from the ASEC Web site (www.asec.org). In addition, ASEC developed an interactive Web site tool that helps young people determine how much they need to save on a monthly basis to achieve their saving goals.

Materials Development Committee: ASEC reconstituted its Materials Development Committee in early 1999 to begin work on the second generation of ASEC savings tools. Recently, the committee created the following tools:

Youth & Money poster and interactive youth calculator.

Retirement Personality Profiler - Created in conjunction with the 1999 Retirement Confidence Survey, the profiler is an interactive questionnaire that allows individuals to determine which of five distinct personality groups they fall under, based on their attitudes towards their finances and planning for retirement. The five retirement personality types are: Planners (35 percent of the U.S. population); Savers (18 percent); Strugglers (20 percent); Impulsives (15 percent); and Deniers (13 percent).

Retirement Readiness Rating - Also created along with the 1999 RCS, this tool indicates how well workers are preparing for retirement. The scale runs from 0 to 25, with a score of 25 indicating the best job of preparing for retirement.

Small Biz Retirement Quiz - Created in conjunction with the 1999 *Small Employer Retirement Survey (SERS)*, the seven-question, "true-false" quiz gauges an employers' knowledge about issues pertaining to employer sponsored pension plans, such as costs and coverage.

A "couples" version of the *Ballpark Estimate Worksheet* - Based on the original, easy-to-use, one-page Ballpark Estimate worksheet that allows individuals to calculate how much they will need to save for retirement.

Other tools being considered for future production include a simple budgeting tool and a tool to locate extra money in your budget.

Representatives from ASEC Charter Partners American Express and Metlife serve as co-chairs of the committee.

Delphi Survey

Following last year's National Summit on Retirement Savings, EBRI contracted with MGA to conduct a "Delphi survey" to evaluate ideas generated by delegates to the National Summit. Specifically, these ideas focused on ways to increase Americans' retirement savings and enhance the retirement income security of today's workers. The results of the survey, still being finalized, will be the foundation for a proposed 1999-2001 action agenda to be considered by ASEC.

In order to develop the survey questionnaire, EBRI provided MGA with a categorized list of the ideas generated at the Summit. MGA then incorporated these ideas into a questionnaire asking respondents to rate each idea according to their perception of its priority for further action. For the second round of the study, respondents were presented with the same list of ideas, ranked within each category according to the results of the first round, and asked to rate each idea again according to its priority. The third round of the study again presented respondents with the same list of ideas, ranked according to the results of the previous round (but no longer within categories), and asked them to rate each idea a final time. This process is designed to identify those ideas the group considers most worthwhile.

Forty-one percent of Summit delegates responded to the first round of the survey. The second round had a delegate response rate of 22 percent. Forty percent of Summit delegates responded to the final round of the survey.

The Top 20

Table 1 presents the top-20 ranked ideas by the percentages of Summit delegates rating each as a high priority.

While the rankings vary somewhat by each survey round, these rankings also show some surprising consistency. "Educating about the benefits of starting to save early" is the top-ranked idea by delegates in the final two waves of the survey. This signals that delegates believe that an education campaign with this idea as one of its central messages should be the top priority of anyone seeking to implement ideas from the National Summit.

Seven of the ideas ranked among the top-10, and 13 of the ideas ranked among the top 20, also concern education. "Educate people on the costs of retirement" is the second-ranked idea, while "develop financial planning curriculum for high schools and colleges" is ranked fourth. A delegate priority is also to "develop an on-going, funded, public awareness program to create a culture of saving and

thrift" (ranked eighth). There also appears to be a sentiment that such a campaign should involve "different messages targeted at different groups, such as people at risk, young people, low-income people, savers vs. nonsavers, ethnic groups, and high/low education levels" (ranked 10th). According to delegate responses, a priority should also be to "encourage the use of payroll deductions" (ranked third) and to "increase availability of payroll deductions and direct deposits for IRAs and/or other (retirement) savings vehicles" (ranked ninth).

Three of the ideas ranked in the top 20 directly concern the high priority that should be placed on the education of children and youth. "Developing a financial-planning curriculum for high schools and colleges" is ranked fourth, while "institute education projects that start at a young age" is tied for 13th place and "encourage financial literacy in the schools through public/private partnerships" is ranked 18th. In addition, educating employers, specifically on how to set up low cost plans, is also a priority for Summit delegates.

Implications

To state the obvious, much has been done in the year since the first National Summit to help make retirement planning and saving a higher priority for all Americans. In addition, many activities are currently under way or planned for the next two years leading up to the 2001 Summit. The above initiatives come from all sectors-public and private-as well as coalitions of diverse organizations.

At one level, we should be proud of the progress that has been made. According to the 1999 *Retirement Confidence Survey*, 75 percent of individuals report that their households have begun to save for retirement-indicating that most workers have gotten the message regarding the need to save. At another level, much more remains to be achieved. While most individuals are savers, relatively few are planners.

What I mean is this: Most Americans have no idea how much they need to save in order to ensure a comfortable retirement. They are putting money away and trusting that it is enough, *hoping* that it is enough, but they do not really know because they have never tried to figure out how much they will need. But again, progress is being made in this area.

Today, one-half of American workers have tried to determine how much they need to save. Just a few years ago, that figure stood at one-third. However, in a sense we are only halfway home. Much remains to be done-but we are optimistic because it is obvious that the work of ASEC and others is making a difference.

Mr. Chairman and members of the Committee, I thank you for the opportunity to speak to you today.